

To the Members of the California State Senate:

I am returning Senate Bill 494 without my signature.

This bill would authorize health care providers who treat Medi-Cal patients injured by a third party to claim “reasonable and necessary” charges from the liable third party, rather than the Medi-Cal reimbursement rate. This bill would also extend counties’ current lien rights against judgments to also include settlements, compromises, arbitration awards, mediation settlements, and any other recovery obtained.

I understand that health care providers should be reasonably compensated for services they provide, but this bill proposes a solution that provides for inflated medical and settlement costs.

Earlier this year, we struggled to control the growing costs of medical care within the workers’ compensation system. We fought to limit the litigious nature encouraged by a system that benefited special interests at the expense of California workers. If enacted, SB 494 will encourage the same abuse we worked to correct in the workers’ compensation system within the auto insurance market.

Finally, and perhaps most troubling is the fact that the inflated cost to the insurance system for these overcharges will be borne by consumers, increasing the likelihood of growing the number of uninsured in this state.

For these reasons I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger